

BATTLE OF FRANCS AND MARKS UPSETS THE SARRE

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HERALD.
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New York Herald Bureau,
Paris, Dec. 15.

With Both Coinages as Legal Tender, the Fight of Currency Has Produced Economic Confusion, a Riot of Spending and an Immense Increase in Smuggling—Stores Unable to Handle Rush of Invading Purchasers and Much Ill Feeling Results From Double Wage Scale—Situation Is a League of Nations Anomaly

Typical frontier scene in the Sarre territory, with French sentries on the bridge, over the Sarre River, that connects Sarrebruck with the restored province, Lorraine. Smuggling goes on despite guards of French troops and customs men.



WITH the peace treaty less than three years old Sarrebruck and surrounding territory of the Sarre is to-day in a plight that cannot be duplicated probably elsewhere in the world. It is suffering from a plague of money and a pest of purchasers.

Under a clause in the Sarre chapter of the treaty, whose consequences were among the many unforeseen at Paris, the franc, under the impulse of the French Government, has invaded the Sarre and is battling with the mark. The Sarre has thus two legal currencies, whose disparity daily grows worse, two standards of wages and two classes among its inhabitants—the mark earners and the francs—arrayed against each other. The result is an economic confusion without a precedent, and a social disease that the League of Nations will have a hard time in curing unless radical steps are taken.

The most curious manifestation of this economic distortion is seen in the horde of purchasers which have been pouring into the city since the mark began rapidly to fall. Perhaps half of them come from Lorraine, thirty minutes' train ride away and which, like the Sarre, was once part of the German Empire and economic system. The other half of the multitude which is daily battling to get into the stores and banks until life is made miserable for the clerks is that part of the Sarre population which is being paid in francs. It is the latter element which makes the situation in the Sarre far different from that of the other German towns contiguous to France since the mark fell and buyers from France poured in.

Crowding Into the Towns

To Change Francs Into Marks

The Sarre itself has a population of over 700,000 people and Sarrebruck 150,000. With these the thousands daily coming from France to change their francs into marks the stores are unable to cater to the crowds.

The people from France are coming by train and wagon road. Some even creep through trails in the forest along the frontiers hoping to get in and out again with the goods they buy without paying the customs. By 9 o'clock the sidewalks are impassable, while in the banks men and women fight to get at the counters, where perspiring clerks are trying to hand out bushel baskets of marks in return for francs. They are nice, new, crisp marks, fresh from the German printing presses, while the francs are dirty beyond description. Carrying their armloads of marks the people rush from the banks to the stores to buy the goods at the present German prices before the storekeepers have a chance to mark them up to fit any new drop in the mark.

Overwhelmed by the crowds frequently the larger stores have had to close at 2 o'clock in the afternoon, while the salesgirls are carried out half fainting from exhaustion. It is there where the pathos comes in. For these girls earn between 30 and 40 marks a day, less than 20 cents, while they wait on friends and neighbors fortunate to be working for the mines, the metal industries or the public service on the French basis.

On the German basis a stenographer in a business office gets 1,800 marks a month. Across the street her girl friend in the mining administration of the French Government gets francs in her pay envelope for the same kind of work, which she changes into, say, 8,000 marks for the month. This is why many old friends do not speak in Sarrebruck and why one class meets to denounce the invasion of the franc while the other class meets to denounce those who denounce their franc wages.

Recently a monster petition was circulated and carried to Geneva by many of the business men, declaring that if this condition continued the territory was heading straight into economic ruin. In support of them the mark earners held a mass meeting three weeks ago attended, according to the German papers, by 40,000 people. Immediately afterward 30,000 "francs" got together and protested at what the "marks" were trying to do to ruin their prosperity. Meanwhile the Sarre Commission governing this strange territory in the name of the league confesses itself helpless because of the treaty.

Last August France

Decided to Pay in Francs

The trouble began in August a year ago. This was when the French Government, to whom the mines had been turned over by the treaty and whose administration is entirely outside of the governing commission, decided to pay the 70,000 coal miners in francs. Some say the motive was entirely political; that it was intended as a subtle piece of propaganda aimed at making the territory French by the time the plebiscite is taken twelve years hence. The French authorities say that it was prompted chiefly by bookkeeping reasons; that the Sarre coal was being sold in francs and hence wages should be paid in francs. For in creating this curious territory under the league without giving it a nationality like Luxembourg, for example, the peace-makers had kept the German currency system, but at the same time had not expressly interdicted the introduction of the franc. It was not so bad when it started, but as the franc rose and the mark declined the situation gradually became worse. In January the 30,000 workers in the metal industries, unable to endure the sight of their franc earning compatriots, struck and secured the franc. In May the railroads and post office workers did the same thing.

Then the Sarre Commission, having agreed to pay wages in francs, decided to require that all railroad charges should be paid in francs by the mark earning element. This caused the commission to be

denounced as secretly abetting the French Government's introduction of the franc. The commission put the railroad budget in francs, but has kept the general budget of the territory in marks. In September the commission sought to do the same thing with respect to taxes. This would have probably meant the complete supremacy of the franc. But a trifle more than half of the town protested. The commission laid it all naturally on the instability of the mark. The people of these towns said they were Germans and the mark was their money and ruin would follow. The commission desisted then, and there the matter stands.

More Than 120,000 Workers

Getting Their Pay in Francs

With the miners, the metal workers and the public service employees getting wages in francs there are now 120,000 wage earners getting francs. Figuring the average family one of four persons one-half of the total Sarre population has been made into money changers and is now filled with the wild excitement of watching the mark rise or fall. Little children gamble on the streets in exchange. So do the housewives. The butcher and the grocer and the department store are paid in marks and the market basket for the franc class turns on the day's exchange, while for the "marks" it remains the same or grows worse.

With one-half or little more on the mark basis the storekeepers do not dare to send their prices up too much beyond the regular German level. Having bought all their goods in Germany they can afford to do this with their present stocks, and with hordes coming to buy are making fortunes. For the French across the frontier the city has become a paradise of bargains. The bargains are better if one can elude the customs guard and get back to France without paying duties.

For those who go by railroad this is impossible. At Forbach, on the frontier of Lorraine, long trains every hour coming from Sarrebruck empty themselves of those returning with their purchases. The people are herded into pens, while the French, maddened by the empty stores at Metz and other French towns, often compel the removal of overcoats, shoes and stockings to see whether they bear Sarre marks. That is why the Lorrainer with a German overcoat bought at Sarrebruck for \$10 which would have cost him \$50 in France, hats, shoes, kitchen utensils and other things to match is tempted to steal out by night and by obscure wagon road through the forests get back to France without paying duty.

Before the peace makers got to work and carved the Sarre mining and industrial region out of Germany and made it into a League of Nations State without a national status the Sarre was a nice little economic entity, its industries linked up to its coal fields and its economic life closely associated with that of Lorraine and the Westphalian industrial area. A replica of the Pittsburgh district of Pennsylvania, its steel works were branches of the great German steel works like the Krupp.

What was not sold in Germany was exported through Antwerp by the Germans. Practically nothing went to France.

As in Alsace and Lorraine, all this has changed. If the retail stores have a plague of buyers the once flourishing industries of the territory are suffering from the

reverse. Production is estimated to-day at about 70 per cent., to be sure, but according to some estimates 50 per cent. of this is on stock, simply because, as in Lorraine and Alsace, the industries cannot compete with German products, because their labor and fuel costs are now in francs. And no orders are coming from France to take the place of the German orders. This is why the real Sarreoise has seen in the introduction of the franc and the fictitious prosperity of half of the population an approaching economic catastrophe. This is why many of the real Sarre business men have petitioned to the League Council directly to stop the franc or see the experiment of a league State become the laughing stock of the world. And this is why even some of the working men are beginning to balance their pay envelopes of francs against a prospective paralysis of industry, knowing what this would cost them in the end.

Behind much of this lies the French desire to make the Sarre German, though it is economically French, and if possible politically, by the time the plebiscite comes around, fifteen years from the date of the treaty. The people will have then the

choice of going back to Germany, of joining France or continuing their present peculiar status under the league. To-day the French would seem to have about one chance out of ninety-nine of turning these people politically into French citizens. Even the workmen will tell you that getting paid in francs does not make them Frenchmen. The real Sarreoise business man or laborer will insist that he is a German and must remain so. Also on the present results of the league experiment he does not want to be an internationalist forever.

People Loyal to Germany

See Only Temporary Detachment

By and large the people seem to be thoroughly German and to consider themselves only temporarily detached from that country.

But if the people themselves seem to be more or less resistant up to date to the French the same cannot be said of the German capitalists. They have sold to the French 60 per cent. of their holdings almost throughout the whole steel and iron industry. The biggest works, with only

one exception, are now under the management of French capitalists.

Encouraged by the French Government, French capital has gone into the Sarre proportionately more than into Lorraine or Alsace.

In thus encouraging the French capitalists the French Government undoubtedly was inspired for one thing by desire to take advantage of the present Sarre status and deprive Germany in the future of one of her former great munition manufacturing centres. The Germans will tell you that they were obliged to sell out to the French because they knew with the coal and Lorraine ore in French hands the French for fifteen years had a strangle hold on their business. Also they will tell you that they, if not the French capitalists, could foresee exactly what was going to happen and wanted the French to carry the bag.

To-day a ton of coal in the Sarre costs exactly four times what a ton of coal costs in Germany, yet the Sarre is one of the greatest coal mining regions in Europe. The miner in the Sarre is paid 20 francs a day, while the miner in the Ruhr is paid 7 francs. The Lorraine ore must be bought

Japan Combing the World for Rare Art Treasures

OLD masters and real estate are almost the only assets left to aristocratic families of Central Europe, and while both are held at top prices the reduced nobility count on relieving their necessities of the present and providing for another rainy day—their recent ill fortune has made them pessimistic—they are canvassing every opportunity to sell the pictures which have hung in their galleries for two centuries or longer.

This does not mean that the salesrooms are to be flooded with celebrated pictures; Count This or That or Mme. So and So may not be good business persons, but they are wise enough to know that this course would be suicidal. No; they consent after due importunity to take down one or two pictures and part with them for fabulous prices, and before doing this much they like to be assured that there is a big buyer ready to make the turnover.

Thus it happens that a few great pictures never exhibited except to intimate friends have reached museums and private galleries, where they will be no longer secluded, and this may be counted among the few beneficial things wrought by the war.

The existence of such pictures has always been known to art connoisseurs and to others who take delight in poring over catalogues. They have all been listed and their merits discussed in a kind of guesswork way, for not in all instances have the catalogue makers or the connoisseurs actually seen the pictures.

In Russia in the Davidoff, Oshotchinsky, Stroganoff and Yousouffoff palaces it is known that there are fine examples of Rembrandt—as fine, it is reported, as the best that are familiar of this dependable artist in the great public galleries. Other artists, especially of the later Italian school, and some of the earlier masters like Botticelli, are hanging in these silent and deserted palaces while their owners are starving in the European capitals, where they were fortunate enough to flee after the revolution.

It must be maddening for a Russian of the dead and gone regime to know that if he could but get one of these pictures out

of Russia and find a purchaser for it he might again on the proceeds resume his former life of elegant ease.

But to get anything out of Russia these days is difficult and it is particularly difficult to abstract a rolled up canvas. The most ignorant of the Workmen's Guard who watch these suspicious places would be sure to fear danger from such a roll. He would take a Rubens, Rembrandt or an Italian primitive for something seditious like a map, and either destroy it or send the picture and its bearer to his overhead commissary, where the fate of both is not doubtful.

Nevertheless, since the control of Lenin several important pictures are known to have been smuggled out of Russia. Baron Schleising since 1918 has added a Botticelli to his collection in Paris which was whisked out of St. Petersburg rolled up in an old rug. Other pictures even more famous have been carried to Italy and England and sold. But these were the choice of various important collections in Moscow.

Undoubtedly the sudden appearance of these pictures and others from Berlin and Vienna is due to exactly the same reason that prompted the nobles of the late Czar's court to risk everything, including execution, and that was the urgent need to turn them into cash. It probably answers also a question that has been raised ever since the war about where the great shipping merchant of Japan, K. Matsukata, who in these years has been buying old masters, got his pictures.

In less than four years Matsukata, who is a son of Marquis Matsukata, ex-Premier of Japan, has succeeded in acquiring about 1,000 works of art, including nearly 300 famous pictures, and where they came from puzzled the experts for a time. The purchaser is as secretive as most Japanese and the dealers with whom he had connections were not communicative either.

Nevertheless, if it were true, as has been reported, that he had obtained possession of a famous Raphael or an equally famous Titian, the fact could not be long concealed. The great Italian painter of the Renaissance was prolific, it is true, but his paintings were sought by monarchs and Popes while he was working in his first manner and under the influence of his only master. Every painting, therefore, from his first

"Madonna" to the "Transfiguration" was known to the world of art, which was then circumscribed to a few patrons and a few countries. It would have been very difficult to palm off on this little world a spurious Raphael.

There is great joy in the clan of art dealers when a purchaser like this Japanese appears. The pleasure of the hunt is then on. The dealers know exactly where great pictures are, and they know, too, what inducements must be used to get their possessors to part with them. The present condition of the money market of the world suits the art condition as they would willingly make it. Now, if ever, the great pictures will travel from one private gallery to another.

Matsukata intends to build a suitable gallery on a plateau of Tokio in which to house the art he has bought for the benefit of the Japanese people. In it he will show his pictures, pottery, sculpture and tapestry, a complete assortment of Western art. In fact, his purpose is to make the exhibition a complete resume of our art, embracing all the schools—early Italian, Renaissance, Dutch, German, French and English. The gallery and collection will cost him, it has been estimated, more than \$5,000,000.

What will the Japanese think of this art, so mysterious, so puzzling to men whose ideas of what constitutes art are as far as the poles apart from our Western ideas? And if they truly admit this art into their lives will it destroy their own beautiful art? If it did the result would be most unfortunate; the world might continue physically to be round like an orange, but it would be flat enough in interest.

Mr. Matsukata is in this country now, attending the conference at Washington in a semi-official position, and there is more than one big art dealer keen to meet and assist him in the formation of his gallery. There are several historic pictures in this country in private collections which the dealers are willing to bring to his attention. And they have a list all drawn up for him with the very figures attached for the payment of which Mr. Matsukata can become their owner.

In this list is a "Morning" by Paul Potter, thought to be a replica of the canvas in the collection of Count Czernin, and several authentic examples of the little masters of the Netherland school. There is also a

on the same basis. Germany as a result can sell her products in the Sarre for less than it costs the Sarre factories to produce the same articles. The French capitalists to-day have gigantic steel factories on their hands, they cannot sell their products to the Germans and cannot sell their products to the French, because with the Lorraine industries added to France the French have a surplus of steel products which they in turn cannot sell in the Sarre or in Germany.

"It is the most complicated situation which exists in the world," said R. D. Waugh, the Canadian member of the Sarre Government, who is the Finance Minister of this queer State. "As fast as we get out of one dilemma we run into another. The commission is not to blame. We could not stop the French Government from paying its miners in francs and we cannot stop the German Government from inflating and pushing down the mark. Take away the francs from the Sarre and you would perhaps have a revolt on the part of those who get them. Push out the marks and you undeniably put the industries here in a worse position than they are in competing with the German market. We have got our budget on a sound basis despite this confusion, but the money problem is still unsettled."

"We do not demand that the wages shall all be paid in marks again," said Dr. Jacob, head of the Chamber of Commerce. "We know that this might lead to trouble. We merely ask that the franc invasion be stopped where it is. Otherwise we are heading into an economic catastrophe. The French have pursued the wrong policy which will ruin them and ourselves as well. We have asked the League Council to help us and save us from ruin before it is too late. It is up to them."

The French believe all this will adjust itself at the end of two years, when the Sarre comes completely under the French customs ring. Up till then German goods can enter the Sarre free, which to some extent accounts for the present conditions. Including the Sarre in the French customs, the French believe, will tie it up economically to France, drive out the marks and influence vitally the ultimate plebiscite. A majority of the Sarreoise fear things will then be worse than better. Already they see the cost of things rising, and with practically all business ended with Germany they fear they will be left without customers.

Every French engineer and superintendent in the mines and factories taken over from the Germans is of course a missionary in the French cause. The French have no authority beyond the management of the industries, but undeniably this will permit them to exercise in the next twelve years a powerful influence. The French have even introduced schools of their own in some of the towns, but the total attendance is less than 1,200. Outside of the French officials virtually nobody in the Sarre knows a word of French, and there is no keenness shown to acquire it.

Just how this queer state of things is going to end nobody knows. One finds in the Sarre not only the franc but the French army. This army is there not because the Sarre is occupied territory under the treaty like the contiguous part of Germany, but because, not having its own army, the league invited the French to come in and preserve order at the time the new regime started. And it has stayed ever since. In October part of the troops in the Sarre towns were Moroccans. Many of the Sarreoise do not take kindly to this.

The Sarre Commission holds to the view that it is cheaper for the Sarre to have the French army than to have its own army. But even francs and the French troops cannot make the Sarre French against its will. To-day, three years after the peace, it gives every indication of remaining solidly German, prosperity or no prosperity.

Nicolas Poussin available, and among the Italians are paintings by Botticelli, Primaticcio and Battista Dosso. Later and perhaps better accredited pictures by Italian painters are works by Canaletto, Carracci and Caravaggio.

Two Rembrandts have been acquired recently in Holland by a New York dealer and are here, but have not been shown. It is safe to assume they will be shown to Mr. Matsukata if he shows any disposition to see them. One of these is a life size figure painting which is typical of the Rembrandt manner about 1650. This picture is said to have come from the same source in Amsterdam which furnished Mr. Altman with one of his finest examples of this master.

That there may be a surprising turnover of famous pictures in Vienna is more than probable. Already dealers here have been approached by Austrian dealers who profess to be able to sell certain pictures which have been the crowning glory of small collections in that city.

A Rubens and two portraits by Caravaggio, the Miranda, the Charles II. and the spectre-like Donna Maria Anna, are included among these possible transactions.

From Berlin comes a vague offering of a picture or two of the Schweizer collection, while Budapest will, it is said, part with a Madonna of the Raphael school.

If one were to believe all the art gossip going about it would seem that if so many Rembrandts, Rubens and Botticelli pictures were to change owners these famous pictures might be acquired cheaply. Count Tarnowski, who sold paintings to the late H. C. Frick, is in the market, so they say, with several pictures of great value.

Mr. Henry E. Huntington, who recently became the owner of Gainsborough's "Blue Boy," is almost the only American who now might be interested in the chance to buy a world famous picture. A new generation of Morgans, Fricks, Altmans and Hearnss has yet to appear.

The Japanese Matsukata is not one of this class. His fancy is too various. He bought in Paris last summer a number of paintings, but, while they included a few names like Teniers and Van Dyck, the bulk of his purchases were modern paintings. He has a taste for impressionism and became the owner of canvases by Matisse and Picasso and others even more advanced than they. It is possible this shows that his taste in art is still rather Japanese.